



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER NO. 737

TO: Iowa Medicaid Remedial Service Providers

FROM: Iowa Department of Human Services, Iowa Medicaid Enterprise

DATE: August 4, 2008

SUBJECT: Cost Plus 1% Rate Increase

Provisions of Senate File (SF) 2425, Section 32 enacted by the 83rd Iowa General Assembly, require DHS to implement a reimbursement methodology change for remedial service providers. The language states that for the fiscal year beginning July 1, 2008, remedial service providers shall receive cost-based reimbursement for 100 percent of the reasonable cost plus 1% not to exceed the established limit for the provision of services to recipients of medical assistance.

Effective July 1, 2008, remedial service interim rates will be increased by 1%. The IME claims processing system will be updated prior to July 31, 2008.

Please be aware that these rates are still considered interim and are subject to cost settlement.

During the cost settlement process your final rate will be calculated as 101% of actual, allowable Medicaid cost not to exceed the established limit. Any new interim rates effective July 1, 2008 and thereafter, established by the IME, will also be calculated as 101% of actual, allowable Medicaid cost subject to the established limit. The IME's understanding is the additional 1% will continue until removed by legislative action.

The IME strongly encourages providers to track expenditures and compare actual, allowable Medicaid cost to their interim rates to ensure that they are not subject to a large overpayment to the IME upon completion of the cost settlement. If at anytime you determine that your costs are below your interim rate you may submit a request to the IME Provider Cost Audit and Rate Setting Unit to lower your interim rate.

The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact IME Provider Services, telephone 1-800-338-7909, locally 515-725-1004 or by e-mail at: imeproviderservices@dhs.state.ia.us.